that such a bank should be under the direct control of a Board of Governors appointed, at least in part, by the President of the United States and that it should perform some of the functions imposed under existing law upon the United States Treasury. The argument for such an institution was summed up as follows: [1]

> The operations of central banks in Europe, especially in France, Germany, Austria-Hungary, and the Netherlands, make it impossible to doubt that the existence of such a bank in this country would be of incalculable benefit to our financial and business interests. Such a bank in times of stress or emergency would be able by regulation of its note issues to prevent those sudden and great fluctuations in rates of interest which have in the past proved so disastrous. Furthermore, it would have the power to curb dangerous tendencies to speculation and undue expansion, for by the control of its rate of interest and of its issues of notes it would be able to exert great influence upon the money market and upon public opinion. Such power is not now possessed by any institution in the United States. Under our present system of independent banks, there is no centralization of financial responsibility, so that in times of dangerous over-expansion no united effort can be made to impose a check which will prevent reaction and depression. This is what a large central bank would be in a position to do most effectively. A central note-issuing bank would supply an elastic currency varying automatically with the needs of the country. This currency could never be in excess, for notes not needed by the country would be presented for deposit or redemption.

In view, however, of the political hostility supposed to exist against a central bank, an alternative plan was suggested for giving greater flexibility to the circulation of the national banks. It was proposed that any bank having fifty per cent, of its capital invested in United States bonds, against which it had circulation, could issue additional circulation in certain fixed proportions to capital, subject to a graduated rate of taxation. In the case of a bank with a capital of $100,000, the circulation authorized under the plan proposed would be as follows :

[1] The Currency: Report of the Special Committee of the Chamber of Commerce of the State of New York, 9.